Artisan Value Fund

QUARTERLY
Commentary

Investor Class: ARTLX | Advisor Class: APDLX

As of 31 March 2016

Investment Process

We seek to invest in companies that are undervalued, in solid financial condition and have attractive business economics. We believe that companies with these characteristics are less likely to experience eroding values over the long term.

Attractive Valuation

We value a business using what we believe are reasonable expectations for the long-term earnings power and capitalization rates of that business. This results in a range of values for the company that we believe would be reasonable. We generally will purchase a security if the stock price falls below or toward the lower end of that range.

Sound Financial Condition

We prefer companies with an acceptable level of debt and positive cash flow. At a minimum, we seek to avoid companies that have so much debt that management may be unable to make decisions that would be in the best interest of the companies' shareholders.

Attractive Business Economics

We favor cash-producing businesses that we believe are capable of earning acceptable returns on capital over the company's business cycle.

Team Overview

Our team has worked together for a long time and each member has a high level of trust and confidence in each other's capabilities. Everyone on the team functions as a generalist with respect to investment research and the entire team works together on considering potential investments. The portfolio managers are supported by two research analysts who share a common mindset and focus on the key elements of our investment process.

Portfolio Management

George O. Sertl, CFA
Portfolio Manager

Scott C. Satterwhite, CFA
Portfolio Manager

James C. Kieffer, CFA
Portfolio Manager

Daniel L. Kane, CFA
Portfolio Manager

Investment Results (%)

As of 31 March 2016	QTD[1]	YTD[1]	Average Annual Total Returns 1 Yr	3 Yr	5 Yr	10 Yr	Inception[2]
Investor Class: ARTLX	**8.60**	**8.60**	**-3.64**	**5.40**	**7.82**	**5.47**	**5.44**
Advisor Class: APDLX	**8.54**	**8.54**	**-3.53**	**5.44**	**7.84**	**5.48**	**5.45**
Russell 1000® Value Index	1.64	1.64	-1.54	9.38	10.25	5.72	5.65
Russell 1000® Index	1.17	1.17	0.50	11.52	11.35	7.06	7.02

Source: Artisan Partners/Russell. [1]Returns for periods less than one year are not annualized. [2]Investor Class inception: 27 March 2006. Advisor Class performance is that of the Investor Class from 27 March 2006 through the inception of the Advisor Class on 1 April 2015, and actual Advisor Class performance thereafter. Performance has not been adjusted to reflect the expenses of the Advisor Class for the period prior to the Class's inception, and Advisor Class performance results would differ if such expenses were reflected.

Expense Ratios	ARTLX	APDLX
Annual Report 30 Sep 2015	1.00	0.86[1]
Prospectus 30 Sep 2015	1.00	0.82[2]

[1]For the period from commencement of operations 1 Apr 2015 through 30 Sep 2015. [2]Includes estimated expenses for the current fiscal year.

Past performance does not guarantee and is not a reliable indicator of future results. Investment returns and principal values will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown. Call 800.344.1770 for current to most recent month-end performance. Performance may reflect agreements to limit a Fund's expenses, which would reduce performance if not in effect.

Investing Environment

The year started on a turbulent note as stocks moved largely in lockstep with crude oil prices, which plummeted before rallying off February lows to end the quarter ahead. The commodity-price rebound helped move equities higher—the Russell 1000® Value Index returned over 7% in March after posting an over-5% decline in January, and was up approximately 2% in Q1 overall. Volatility sent investors running to safe-haven assets—gold prices were strong and treasuries rallied in the quarter.

Accommodative measures from central banks—including dovish comments from the Federal Reserve—contributed to improving investor sentiment toward the back half of the quarter, despite implications of weakness in the global economy.

Areas of the market that had been unloved for some time found their footing in Q1 as the strong momentum factors that have been a headwind over the last few years seemed to shift. We've discussed in past commentaries our view that markets had become increasingly bifurcated in recent quarters, with growing differentials between sectors and styles. A number of those factors reversed in Q1, with value outperforming growth, and cyclical sectors with greater global exposure (e.g. industrials, energy, materials) outperforming non-cyclical sectors with greater US exposure (e.g. health care, financials).

Performance Discussion

Our portfolio meaningfully outperformed the Russell 1000® Value Index. Similar to the broader market, much of what weighed on our performance last year (e.g. industrials, materials and energy) rebounded and was a source of strength in the quarter. We benefited from strong stock selection across most sectors, with particular strength in materials and financials.

Though these areas helped us, our lack of exposure to utilities, consumer staples and telecom (we exited lone telecom holding SoftBank during the quarter) was a headwind. These three sectors make up over 17% of the index and all outperformed. As always—we believe what the index owns is its own business. Sector positioning is not the result of a top-down decision, but rather is residual of our bottom-up approach. We've found limited opportunities in these sectors as valuations appeared stretched.

As gold prices rebounded, shares of Goldcorp and Kinross did as well, putting them among our top performers. Both advanced in excess of the commodity price, just as they had previously fallen in excess of the commodity price despite what we consider to be numerous internal catalysts.

Top performer Joy Global is an example of a stock that worked against us last year, but rebounded in Q1. The mining equipment company continues executing well on strategic initiatives despite grim market expectations. We view Joy Global as a best-in-class player that is well-positioned, but operating in a tough industry. Despite material cyclical headwinds, Joy Global recently reported its first increase in its backlog since Q2 2014, is bringing working capital down and is delivering free cash flow. The company has also proven successful in its accounts receivables collections, helping ease fears of its exposure to bankrupt customers. Further, by selling non-core assets, focusing on cost cutting and repaying debt, Joy Global has provided itself breathing room and financial flexibility. Shares trade at what we view as undemanding valuations, at less than 10X our estimates of its normalized service-business earnings.

Global aircraft leasing company Air Lease, a holding that was new in Q1, was a source of strength. Shares rallied after falling earlier in the quarter on concerns of weakness in emerging markets, particularly China. We viewed the selloff as overdone, and took the opportunity to initiate a position as shares traded at a discount to book value. The company is delivering strong lease rental revenues while controlling operating expenses. In addition to meeting our three margin-of-safety criteria, we believe it has one of the best management teams in the industry, and its investment-grade credit rating helps mitigate financing risks while providing a competitive advantage.

Shares of media companies CBS and Time Warner were also top contributors on a continued rebound. We added both stocks to the portfolio in the second half of 2015 following a broad selloff in media companies. Concerns surrounding advertising weakness and cord-cutting trends had weighed on valuations. We acknowledge the skepticism, but believe both companies are quality businesses that can participate in the trend toward a new, skinnier bundle. We initially purchased shares at around 11X-12X our estimates of normalized earnings. We continue to believe both companies are quality businesses that generate steady earnings and return capital to shareholders.

Arrow Electronics, a global distributor of electronic components and computer products, also aided results. The stock was boosted on news that competitor Ingram Micro agreed to be acquired at a significant premium. In our view, the bid highlights the industry's attractive valuations as shares trade at depressed levels. We believe Arrow Electronics is better positioned in the industry, yet trades at a significant discount than the premium paid in the Ingram Micro acquisition. Further, despite headwinds from slow growth in global IT spending, Arrow Electronics is increasing revenues, generating strong cash flow and repurchasing shares.

Our energy exploration and production names overall added value, with the exception of Devon Energy. In our view, Devon remains a quality energy company, and we added to our position on weakness. Conversely, we used the rebound in Denbury Resources' stock price to fully exit our small position as we grew concerned over its long-term financial condition. Further, we believe our remaining energy names better meet our three margin-of-safety criteria, and are well positioned to benefit as the commodity trades closer to or above marginal costs. In addition to Devon, we used the dip in commodity prices in the beginning of the year to increase our positions in Hess, EOG Resources and Apache.

In the financials sector, our below-benchmark exposure to banks worked in our favor as bank and capital markets stocks were generally weak during the quarter. However, our holdings—Citigroup and Goldman Sachs—were not immune to the selloff, and were bottom contributors to overall performance. Both companies have global banking exposure—an industry that has been pressured by a low/negative interest rate environment and concerns over emerging markets weakness and tumbling energy prices. In both cases, we

added to our positions on weakness, but still have meaningfully less exposure to banks than the index. We believe both companies' balance sheets remain in excellent shape, and the stocks sell at a discount to tangible book value.

Shares of Liberty Interactive QVC, an Internet commerce business that owns QVC® shopping network, also weighed on results. We view recent weakness as more of a sentiment reset after strong recent performance, more than any new, negative fundamental development. We believe the company is a solid player in a niche industry—it has an attractive business model, and we have confidence in management's capital allocation skills.

Portfolio Activity

Over the past few years we've discussed our dislike of the market environment, as valuations broadly appeared stretched. Position sizes in the portfolio are determined based on how well each company fits our three margin-of-safety criteria. While we had a number of holdings in sound financial condition with attractive business economics, we felt valuations were preventing us from meaningfully building our positions.

The market's backslide in January changed that to some extent, and we were the most active we've been in some time—trimming and selling names where we felt valuations had become fair. In turn, we upgraded the capital by building some of our high-conviction holdings into larger positions. We exited seven names during the quarter and added one, dropping the number of securities in the portfolio from 40 to 34, more in line with our historical average.

In addition to new purchase Air Lease (mentioned previously), we increased our exposure to Mosaic (one of the world's largest producers of phosphate and potash) and QUALCOMM (a mobile phone technology and equipment provider). Mosaic trades at a discount to book value, and at around 6X-7X our estimates of normalized earnings. QUALCOMM is cutting costs and returning capital to shareholders, via dividends and a large buyback plan. Shares trade at around 10X our estimates of normalized earnings.

Our cash position increased after dropping to around 3% in January, as we trimmed names on success, including Goldcorp and Kinross Gold. We sold Arch Capital Group and SoftBank in favor of more attractive opportunities. Other sales were names in which we believed valuations had hit fair value, including EMC Corp and Express Scripts. We sold EMC Corp, a global provider of storage infrastructure and virtual infrastructure technologies, solutions and services, as shares rallied on news of an acquisition deal with Dell. The sale of Express Scripts brings our direct health care exposure to zero—we still believe it's a quality company, but exited as valuations came into our selling range.

We sold Precision Castparts, a metal fabrication company that manufactures components for the aerospace, energy and general industrial markets. We initially purchased shares in Q1 2015 as the stock came under pressure due to its exposure to the oil and gas market, despite the fact the majority of its business is in aerospace and industrials. Shares jumped on news Berkshire Hathaway, another of our holdings, reached a deal to acquire the metal fabrications company. As like-minded investors, Warren Buffet's interest in the company makes sense to us. We exited our position as valuations, in our view, became fair.

We currently have few names in the sell range, some in the hold range and the majority in the buy range. Many of our stocks have lived through a massive bear market over the last fear years. Expectations remain low in many cyclical areas, and the portfolio continues to be heavier in unloved areas.

Perspective

We believe that one of the best ways to find quality investments at a distinct discount is to show a willingness to go where there is fear and uncertainty in the marketplace. Unfortunately, in recent quarters, we have been contending with an environment that has been challenging for our investment approach—those stocks with momentum behind them were continually rewarded, while more unloved stocks were continually punished.

When discussing the bifurcated market last quarter, we quoted Herbert Stein, "If something cannot go on forever, it will stop." We stayed true to our philosophy and process, and were able to make upgrades to the portfolio this quarter as the momentum-driven environment that had previously put fundamentals in the backseat began to shift.

However, we are always aware that alpha doesn't know a calendar, and one quarter is a very short period of time. As such, we continue to focus on what we can control, by attempting to put the business, balance sheet and valuation on our side. And we will continue to look to take advantage of near-term volatility to upgrade the portfolio into an even more compelling collection of names.

We believe that investing in companies that meet our three margin of-safety criteria—i.e. cash producing businesses in strong financial condition that are selling at undemanding valuations—will continue to tilt the risk/reward in our favor over the long term. At the end of last year and beginning of this year, we felt the return potential on both an absolute and relative basis looked compelling.

For more information: Visit www.artisanpartners.com | Call 800.344.1770

Carefully consider the Fund's investment objective, risks and charges and expenses. This and other important information is contained in the Fund's prospectus and summary prospectus, which can be obtained by calling 800.344.1770. Read carefully before investing.

International investments involve special risks, including currency fluctuation, lower liquidity, different accounting methods and economic and political systems, and higher transaction costs. These risks typically are greater in emerging markets. Securities of medium-sized companies tend to have a shorter history of operations, be more volatile and less liquid and may have underperformed securities of large companies during some periods. Value securities may underperform other asset types during a given period.

Russell 1000® Value Index measures the performance of US large-cap companies with lower price/book ratios and forecasted growth values. Russell 1000® Index measures the performance of roughly 1,000 US large-cap companies. The index(es) are unmanaged; include net reinvested dividends; do not reflect fees or expenses; and are not available for direct investment.

This summary represents the views of the portfolio managers as of 31 Mar 2016. Those views may change, and the Fund disclaims any obligation to advise investors of such changes. For the purpose of determining the Fund's holdings, securities of the same issuer are aggregated to determine the weight in the Fund. The holdings mentioned above comprised the following percentages of the Value Fund's total net assets as of 31 Mar 2016: The Mosaic Co 4.2%; Berkshire Hathaway Inc 4.1%; Goldcorp Inc 4.1%; Devon Energy Corp 3.6%; Time Warner Inc 3.6%; Citigroup Inc 3.1%; The Goldman Sachs Group Inc 3.0%; Hess Corp 3.0%; CBS Corp 2.9%; QUALCOMM Inc 2.7%; Liberty Interactive Corp QVC Group 2.4%; Joy Global Inc 2.2%; Air Lease Corp 2.1%; Arrow Electronics Inc 2.1%; Kinross Gold Corp 2.0%; EOG Resources Inc 2.5%; Apache Corp 4.2%. Securities named in the Commentary, but not listed here are not held in the Fund as of the date of this report. Portfolio holdings are subject to change without notice and are not intended as recommendations of individual securities. All information in this report, unless otherwise indicated, includes all classes of shares (except performance and expense ratio information) and is as of the date shown in the upper right hand corner. This material does not constitute investment advice.

Attribution is used to evaluate the investment management decisions which affected the portfolio's performance when compared to a benchmark index. Attribution is not exact, but should be considered an approximation of the relative contribution of each of the factors considered.

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Free Cash Flow is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Margin of Safety**, a concept developed by Benjamin Graham, is the difference between the market price and the estimated intrinsic value of a business. A large margin of safety may help guard against permanent capital loss and improve the probability of capital appreciation. Margin of safety does not prevent market loss—all investments contain risk and may lose value. **Investment Grade** indicates above-average credit quality and lower default risk and is defined as a rating of BBB or higher by Standard and Poor's and Fitch rating services and Baa or higher by Moody's ratings service. **Normalized Earnings** are earnings that are adjusted for the cyclical ups and downs over a business cycle. **Book Value** is the net asset value of a company, calculated by total assets minus intangible assets and liabilities. **Alpha** is a quantitative measure of the volatility of the portfolio relative to a designated index. A positive alpha of 1.0 means the fund has outperformed its designated index by 1%. Correspondingly, a similar negative alpha would indicate an underperformance of 1%.

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